

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 2193	Date: November 2, 2018
	Change Request 10838

NOTE: This Transmittal is no longer sensitive and is being re-communicated November 2, 2018. This instruction may now be posted to the Internet.

Transmittal 2128, dated August 10, 2018, is being rescinded and replaced by Transmittal 2193, dated, November 02, 2018, to revise the background and policy sections, remove HITECH from all business requirements.

SUBJECT: Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Update

I. SUMMARY OF CHANGES: This Change Request (CR) is instructs the contractors to update the ViPS Medicare System (VMS) to process claims submitted for beneficiaries who reside in a previous Competitive Bidding Area (CBA) as non-competitive bidding claims with the DMEPOS fee schedule or as a blended payment.

EFFECTIVE DATE: January 1, 2019

**Unless otherwise specified, the effective date is the date of service.*

IMPLEMENTATION DATE: January 7, 2019

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	N/A

III. FUNDING:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

One Time Notification

Attachment - One-Time Notification

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I. GENERAL INFORMATION

A. Background: The Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program (CBP) was mandated by Congress through the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. The statute requires that Medicare replace the current fee schedule payment methodology for selected DMEPOS items with a competitive bidding process. The intent is to improve the effectiveness of the Medicare methodology for setting DMEPOS payment amounts, which will reduce beneficiary out-of-pocket expenses and save the Medicare program money while ensuring beneficiary access to quality items and services.

The current Round 1 2017, Round 2 Recompete, and National Mail Order (NMO) Recompete CBP contracts expire on December 31, 2018. Due to a delay in announcement of the next round of the CBP, contracts will not be in effect in Round 1, Round 2, or the NMO Competitive Bidding Areas (CBAs) beginning January 1, 2019, resulting in a temporary gap period in the CBP.

B. Policy: During the temporary gap period in the DMEPOS CBP, any Medicare enrolled DMEPOS supplier may furnish any DMEPOS item, including items that were formerly included in the CBP. In addition, payment for all items and services that were included in the CBP are based on the lower of the supplier's charge for the item or fee schedule amounts adjusted in accordance with sections 1834(a)(1)(F) and 1842(s)(3)(B) of the Social Security Act. The fee schedule amounts for items furnished in areas that are CBAs as of December 31, 2018, will be adjusted based on the Single Payment Amounts (SPAs) for each specific CBA, increased by the projected percentage change in the Consumer Price Index for all Urban Consumers (CPI-U) for the 12-month period ending January 1, 2019. These fee schedule amounts will be different than the fee schedule amounts for items furnished in all other non-bid areas, or areas that are not CBAs as of December 31, 2018.

Different fee schedule files will be used to reflect these changes. The normal DMEPOS fee schedule file will be used for all non-bid areas that currently are not included in the CBP. A second fee schedule file will be used to pay claims for items and services that were included in the CBP and are furnished in areas that are CBAs as of December 31, 2018.

The adjusted fee schedule for former CBAs and the former CBA ZIP codes public use files (PUFs) will be available for interested parties shortly after the release of the data files on the CMS website <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/DMEPOS-Fee-Schedule.html>

Currently, under the CBP, the following three competitive bidding files are transmitted by the Competitive Bidding Implementation Contractor (CBIC) on a quarterly basis for use in processing CBP claims: the CBA

ZIP code file, the Healthcare Common Procedure Coding System (HCPCS) file, and the CBA pricing file. These files will continue to be transmitted to the contractors for use in paying claims based on the fee schedules for items and services that were included in the CBP and furnished on or after January 1, 2019, in a previous CBA. Because the fee schedule amounts will be different, the following new message will be used to alert suppliers about the difference in payment amounts for items and services that were included in the CBP furnished on or after January 1, 2019 to beneficiaries residing in a previous CBA.

Alert: The fee schedule amount for this service was adjusted based on prior competitive bidding rates. For more information, contact your local contractor.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility							
		A/B MAC			D M E M A C	Shared- System Maintainers			Other
		A	B	H H H		F I S S	M C S	V M S	
10838.1	Effective for claims with Date of Service on or after January 1, 2019, the Shared System Maintainer (SSM) shall bypass all CBP editing for requiring a supplier to be a contract supplier.							X	
10838.2	Effective for claims with Date of Service on or after January 1, 2019, the SSM shall bypass all CBP editing for Grandfathering.							X	
10838.3	Effective for claims with Date of Service on or after January 1, 2019, the SSM shall bypass all CBP editing for all CBP modifiers unless otherwise specified by CMS.							X	
10838.4	Effective for claims with Date of Service on or after January 1, 2019, the SSM shall bypass all CBP editing for the requirement to only accept electronic assigned claims.							X	
10838.5	Effective for claims with Date of Service on or after January 1, 2019, the SSM shall continue to edit the KG, KK and KW CBP modifiers when there is no corresponding rate found on the payment CBIC file.							X	
10838.5.1	Effective for claims with Date of Service on or after January 1, 2019, the SSM shall continue to return as unprocessable the KG, KK or KW modifier when improperly used.							X	
10838.6	Effective for claims with Date of Service on or after January 1, 2019, the SSM shall continue to pay claims submitted with the KE, KU or KY modifiers at the fee							X	

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
	schedule amount.									
10838.7	Effective for claims with Date of Service on or after January 1, 2019, the SSM shall cap the allowed amount for the claim line at the submitted amount if the submitted amount is lower than the adjusted amount received from the CBIC.							X		
10838.8	Effective for claims with Dates of Service on or after January 1, 2019, contractors shall pay for mail-order diabetic testing supplies submitted with the KL modifier using the fee schedules contained on the CBIC pricing file as currently processed per the National Mail Order rule.							X		
10838.9	Contractors shall pay the bonus payments for Competitive Bid items for dates of service on or after January 1, 2019 for items that were rented prior to January 1, 2019 when there are remaining bonus payments for the original contract supplier.				X			X		
10838.10	The SSM shall accept beneficiary submitted claims during the CBP delay.							X		
10838.11	The SSM shall update VMS to allow the system to be able to pay a claim submitted from a previous CBA using a pricing file furnished by the CBIC.							X		
10838.12	Contractors shall use the following messages when paying a claim for a beneficiary who resides in a CBA during the delay of the CBP: Remittance Advice Remark Code (RARC) N809 Alert: The fee schedule amount for this service was adjusted based on prior competitive bidding rates. For more information, contact your local contractor. Claim Adjustment Reason Code (CARC) 45: Charge exceeds fee schedule/maximum allowable or contracted/legislated fee arrangement. Medicare Summary Notice (MSN) 30.1: The approved amount is based on a special payment method. La cantidad aprobada está basada en un método especial de pago.				X			X		

[illegible]

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
	them to the Virtual Data Center (VDC).									
10838.21	The VDC shall retrieve the following files from the CMS mainframe telecommunications system via Connect: Direct on a quarterly basis: CBA ZIP Code File HCPCS File CBA Pricing File								PDAC	
10838.22	During the testing phase of this CR, the VDC shall retrieve the CBA ZIP code file, the HCPCS file, and the CBA pricing file via Connect: Direct under the following dataset names: T#EFT.ON.CBAZIPQ.C19Q01 T#EFT.ON.HCATGQ.C19Q01 T#EFT.ON.PRICEQ.C19Q01								PDAC	
10838.23	During the production phase of this CR, the VDC shall transmit the CBA ZIP code file, the HCPCS file, and the CBA pricing file to VMS via Connect: Direct under the following dataset names: P#EFT.ON.HCATGQ.C19Q01 P#EFT.ON.CBAZIPQ.C19Q01 P#EFT.ON.PRICEQ.C19Q01								PDAC	
10838.24	The VDC shall automate the retrieval process for refreshing these files quarterly.								PDAC	
10838.25	The DME Medicare Administrative Contractors (MACs), Pricing, Data Analysis and Coding Contractor (PDAC) and VDC shall load these quarterly files.				X				PDAC	

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
10838.26	The Fiscal Intermediary Shared System (FISS) shall accept the correct files for reason code 31716.					X				
10838.27	The VDC shall receive notice via technical direction in the event the dataset names listed in 10838.23 and 10838.24 are changed for any reason.								PDAC	

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
10838.28	MLN Article: CMS will make available an MLN Matters provider education article that will be marketed through the MLN Connects weekly newsletter shortly after the CR is released. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1, instructions for distributing MLN Connects information to providers, posting the article or a direct link to the article on your website, and including the article or a direct link to the article in your bulletin or newsletter. You may supplement MLN Matters articles with localized information benefiting your provider community in billing and administering the Medicare program correctly. Subscribe to the “MLN Matters” listserv to get article release notifications, or review them in the MLN Connects weekly newsletter.				X	

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
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Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Bobbett Plummer, 410-786-3321 or bobbett.plummer@cms.hhs.gov (For Claims Processing questions) , Julia Howard, 410-786-8645 or julia.howard@cms.hhs.gov (For Policy Questions)

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

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ATTACHMENTS: 0